

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE

Call to Order: By **CHAIRMAN BOB KEENAN**, on March 20, 2001 at 9:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. William Crismore (R)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Sen. Bea McCarthy (D)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Bill Tash (R)
Sen. Jon Tester (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Jon Moe, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Executive Action: HB 41; HB186; SB 339
Hearing(s) & Date(s) Posted: SB 176; SB 338; SB 497

{Tape : 1; Side : A}

CHAIRMAN BOB KEENAN asked if **SEN. CHRIS CHRISTIAENS**, **SEN. KEN MILLER**, and **TOM SEN. ZOOK** were ready on HB 41 with an amendment.

Clayton Schenk, Legislative Fiscal Analyst, talked to the committee about amendments to HB 2.

EXECUTIVE ACTION ON HB 41

Motion: **SEN. CHRISTIAENS** moved that **HB 41 BE CONCURRED IN.**

Motion: **SEN. CHRISTIAENS** moved that **AMENDMENT TO HB 41 (HB004107.ajm) BE ADOPTED.**

SEN. CHRISTIAENS explained that the amendment provided for the deposit of state school fund revenue in the state special revenue fund and statutorily appropriates timber harvest funds to schools for technology acquisition. **SEN. MILLER** explained there were three amendments combined. His amendment dealt with language that would help alleviate the lawsuit. The money from the timber harvest would go to schools. The other departments were removed from the bill. He spoke to **REP. JOHN WITT** about the amendments. **SEN. CHRISTIAENS** said there was originally an amendment that offered coordinating language with SB 449 that **SEN. JON TESTER** sponsored. By taking out the previous portions regarding hard rock mining, that amendment was no longer needed.

Vote: Motion that **AMENDMENT (HB004107.ajm) BE ADOPTED** carried unanimously.

Motion/Vote: **SEN. CHRISTIAENS** moved that **HB 41 BE CONCURRED IN AS AMENDED.** Motion carried unanimously.

EXECUTIVE ACTION ON HB 186

CHAIRMAN KEENAN introduced an amendment to HB 186, the predator control bill. He had discussed funding options with **Mr. Munger**. The amendment was for \$50,000 from the General Licensing Account of FWP, and was to be, biennial, restricted and one time only.

Motion: **SEN. MILLER** moved **HB 186 BE CONCURRED IN.**

Motion: **SEN. KEN MILLER** moved that **AMENDMENT TO HB 186 (HB018601.AJM) BE ADOPTED.**

He said his amendment would avoid the bill being general fund and give the bill a chance to be voted on.

SEN. JACK WELLS asked if FWP approved of the amendment. **Mr. Doug Monger, FWP**, said that FWP contributes \$110,000 to predator control from general license dollars. In a recent federal audit, one of the audit exceptions for the agency was how FWP funding was being used for predator control. The concern was that FWP was not directing exactly where the predator control was occurring and how that affected wildlife populations. They were not sure if they could spend the \$110,000 that was currently in their budget. He wasn't sure if the \$50,000 could get spent because of all the federal protections associated with license accounts. **SEN. CHRISTIAENS** asked about Pitman Robinson money, what it is used for and if it could be used. **Mr. Monger** said the Pitman Robinson money is a federal excise tax on sporting goods. The department uses general hunting and fishing license dollars to match the federal money on a three to one basis. When federal money is used it is a protected source and by using federal money it also creates protection for state license money. Those funds are used for biological surveys for all the functions that FWP is responsible for. **SEN. CHRISTIAENS** asked if some of the license money could be used as a match to leverage Pitman Robinson money for predator control. **Mr. Monger** said typically the agency uses federal money whenever they can to save state dollars. Currently, for predator control they are only using state funds. His concern was that it was an ineligible expense for the federal dollars.

Vote: Motion **AMENDMENT TO SB 186 (HB018601.AJM)** carried unanimously.

Motion: **SEN. MILLER** moved that **HB 186 BE CONCURRED IN AS AMENDED.**

SEN. COREY STAPLETON asked if the sentence on line 17 was still needed. **CHAIRMAN KEENAN** indicated that line would be amended by #3 of the amendment just passed. It would be in addition to the \$110,000.

Vote: Motion that **HB 186 BE CONCURRED IN AS AMENDED** carried 17-1 with Stapleton voting no.

EXECUTIVE ACTION ON SB 339

CHAIRMAN KEENAN explained that SB 339 ties to HB 124.

SEN. DALE BERRY deferred to **Hank Hudson, DPHHS**, who stated that SB 339 addressed the issue of how the state and counties work together to administer public assistance programs, to hire key staff, and to resolve disputes. That part of the bill had no fiscal impact. The other part of the bill described how counties will continue to participate financially in public assistance.

Counties would be assessed a fee on an annual basis, either the average of the last five years or the year 2000. That would be what they would pay the state out of property tax funds to meet their obligations to pay for public assistance costs. They worked with MACO to develop the proposal. HB 124 is the Department's and the administration's proposal to resolve the financial issues between the counties and the state. In HB 124, the county property tax money was simply replaced with general fund. It is part of a larger realignment. SB 339 provides an alternative if HB 124 does not pass at a cost of about \$3 million. He asked that the bill be passed and moved to the House where it would be positioned to either be changed if HB 124 passes or if HB 124 did not pass then it would become the only vehicle left to resolve the assumed, non-assumed county issues. The amendment said that if HB 124 passes all of the financial sections of SB 339 are removed. If 124 passed, that is the financial resolution of the assumed/non-assumed county issue. He said SB 339 was important because it sets out how the counties and the states will manage the programs together.

SEN. CHRISTIAENS asked if counties that are not state assumed were not reimbursed under HB 124. **Mr. Hudson** indicated that SB 339 and HB 124 addressed all counties. For assumed counties in SB 339, the annual fee is the average of what 9 mills generated in the last five years or what 9 mills generated in the year 2000. For non-assumed counties it is the actual cost over the last five years or the actual cost in 2000.

SEN. ROYAL JOHNSON asked where HB 124 was in the process. **Mr. Hudson** explained that it had either moved out of committee or was ready to be acted upon in House Local Government. **Gordon Morris, MACO**, clarified that the bill was being acted upon that afternoon and would be on the floor later in the week. He pointed out that HB 124 and SB 339 would need to be coordinated.

Motion: SEN. JOHNSON moved **SB 339**.

Motion: SEN. JOHNSON moved **AMENDMENT TO SB 339 (SB033901.ajm)**.

SEN. ZOOK pointed out that the technical notes said the bill doesn't address the mechanism of payment by the assumed counties. He didn't know if an amendment was ever added to do that. **Mr. Morris** indicated that the mechanism for picking up the costs associated with SB 339 was contained in HB 124. That mechanism identifies the ultimate costs all counties are responsible for under SB 339, and deducts that from the counties' respective entitlement portion and fixes that cost permanently. Any county will be identified in terms of the dollar amount that will be deducted from their HB 124 entitlement relative to welfare and

that will go to the general fund expenditures under SB 339. **SEN. ZOOK** said the technical notes indicated an amendment to clarify was being drafted. **Mr. Morris** observed that was the difficulty with 124, 176 and 339. Ultimately, according to Greg Petesch, all of them would be coordinated within HB 124.

SEN. TOM BECK asked if HB 124 didn't get through the entire system and SB 339 got to the House, if language would be needed to address the mechanism for payment to the assumed counties.

Mr. Morris thought that SB 339 stood on its own merits without HB 124 relative to capping county costs both for assumed and non-assumed counties. The capped costs would continue to be paid. The passage of HB 124 would eliminate the counties continuing to pay for them and reduce the money coming back to counties by a like amount.

Vote: Motion that **AMENDMENT TO SB 339 (SB033901.ajm) BE ADOPTED** carried unanimously.

Motion/Vote: **SEN. JOHNSON** moved that **SB 339 DO PASS AS AMENDED.** Motion carried unanimously.

CHAIRMAN KEENAN spoke about incorporating SB 483 and SB 489.

SEN. COREY STAPLETON asked about sending the bills back to Judiciary and let them merge the bills. **CHAIRMAN KEENAN** indicated there was not enough time with the Saturday deadline.

SEN. CHRISTIAENS believed he knew what needed to be done with the bill. The problem with SB 489 was the sentence becoming a misdemeanor and the shortened probationary period. He said amendments were ready. **SEN. BECK** commented he couldn't understand why SB 489 was not being amended. **SEN. CHRISTIAENS** said the bill was not dead and that work was being done to meld the two bills together. He said he has kept working on SB 483 in case the other one doesn't come together.

HEARING ON SB 176

Sponsor: **SEN. WALTER McNUTT, SD 50, Sidney**

Proponents: **Dave Woodgerd, Chief Counsel, DOR**
Bill Kennedy, Yellowstone County Commissioner

Opponents: **None.**

Opening Statement by Sponsor:

SEN. WALTER McNUTT, SD 50, Sidney, said the SB 176, a bill to revise district court funding, was the result of an interim study

committee and also worked in conjunction with what became SB 124. One of the problems was the coordination instructions.

{Tape : 1; Side : B}

Dave Woodgerd, Chief Counsel, DOR, said the amendment provided coordination with HB 62. If SB 176 and HB 62 both passed, the amendment would make HB 62 void and juvenile probation officers would become state employees. The second part of the amendment provided coordination language with SB 66, which provided for the salary of county attorneys that is paid by the state to increase. He said the bill was currently tabled. He addressed two other conflicts with in HB 83 and HB 345 that were resolved with the amendments.

Written testimony for **Bill Kennedy, Yellowstone County Commissioner** was in support of SB 176. **EXHIBIT(fcs63a01)**

SEN. MILLER asked if the fiscal note was accurate with where the bill was currently. **Mr. Woodgerd** indicated it was. **SEN. MILLER** asked if the \$39 million was in the reimbursement portion of HB 2. **Mr. Woodgerd** affirmed that it was.

SEN. CHRISTIAENS asked about the grade level for juvenile probation officers. **Mr. Woodgerd** said the bill didn't provide particular salary or grade classifications. Chief and deputy probation officers would have different classifications. The executive branch would classify those positions. **Judy Paynter, DOR**, stated that employees that moved from county to state employment would stay at their current salaries for the first year and get the state pay raise like any other state employee. The employees would move to the newly established judiciary pay plan. **SEN. CHRISTIAENS** asked about the status of HB 62. **Ms. Paynter** indicated it was tabled. **SEN. MIGNON WATERMAN** asked if those employees would be affected by the 1 ½ percent across the board employee cut in HB 2. **Ms. Paynter** said they would escape that cut. **SEN. WATERMAN** asked how they were exempted and if the judiciary was exempted. **Ms. Paynter** said there was no dollar reduction in HB 124. They are not currently state employees. The money was there to move the existing folks into the current system. **SEN. WATERMAN** asked how the language in the across-the-board cut did not apply. **Jon Moe, Fiscal Division** said he worked on the summary of the HB 2 amendments and judiciary may have been exempt. They are not currently state employees. In the amendment in HB 2, the cut is taken in one place within a department and allows allocating those reductions within the department. If judicial was not exempted there may be some

potential for that to happen. He said he would ask **Clayton Schenk** or **Taryn Purdy**.

SEN. ROYAL JOHNSON asked how many employees would be involved and whether the state computer system was capable of taking that on. **Ms. Paynter** said there were 255 FTE that would transfer and they would come into the state SABHRS system.

SEN. BILL CRISMORE asked how counties look at the issue. **Mr. Morris** said MACO had worked for years to have state courts funded by the state, not property taxes. Counties support what they are trying to do.

SEN. TESTER asked about the net impact on the general fund if SB 124 passes. **Ms. Paynter** indicated there would be an \$8 million gain in 2003 and in the 2003 to 2005 biennium there would be a \$400,000 gain. **SEN. LINDA NELSON** asked where SB 176 was tied to SB 124. **SEN. McNUTT** pointed out that on page 34 lines 28 and 29, there was an amendment that was passed on the floor of the Senate that coordinates HB 124 and SB 176.

SEN. KEENAN asked **Lisa Smith** to address **SEN. WATERMAN's** question. Lisa Smith, JUD, said her understanding was the 1 ½ percent global reduction affected all FTE that were funded in HB 2. If those FTE were not funded in HB 2 yet, the cut would not apply to them. The judicial branch lost 1.75 FTE and had the authority to allocate that reduction throughout the branch. She hoped they would not have to keep that reduction by the end of the session throughout the branch. She did not see that it would be applied to those FTE. **SEN. WATERMAN** said she did not see how those employees would not end up in HB 2 if the bill passes. **Ms. Smith** said the way the reductions have been calculated, she did not see those numbers being adjusted. **SEN. WATERMAN** thought the amendment required the 1 ½ percent in HB 2 and at any stage that there was change, it would change the bottom line.

SEN. GREG JERGESON asked about the effect on the ending fund balance. **CHAIRMAN KEENAN** said that could be looked into. **SEN. NELSON** declared that HB 124 was greatly amended and wondered if SB 176 would still fit comfortably under that umbrella as it had been amended. **Ms. Paynter** said it did and that the finances had been worked out. At the end of the 2003 biennium, there would be \$8.4 million additional general fund. **CHAIRMAN KEENAN** commented that in the technical notes it said that SB 176 and 124 were intended by the sponsoring agencies to be revenue neutral in combination. There is no provision in 176 binding its approval to 124.

HEARING ON SB 338

Sponsor: SEN. DALE BERRY, SD 30, Hamilton

Proponents: Mary Dalton, Bureau Chief Medicaid Services
and CHIP Bureau, DPHHS
Brianna Kirsty, Montana Peoples Action
Jim Campbell, Montana Catholic Conference
Chuck Butler, Blue Cross Blue Shield of
Montana
Betty Whiting, Montana Association of
Churches
Steve Yeakel, Montana Council for Maternal
and Child Health
Bonnie Adee, Mental Health Ombudsman
Sami Butler, Executive Director Montana
Nurses Association_____
Jane McCall, Deaconess Billings Clinic
Beda Lovitt, Montana Medical Association

John Flink, Montana Hospital Association

Claudia Clifford, Insurance Commissioner's
Office
Christine Amundson, Montana Association of
Social Workers
Al Davis, Mental Health Association of
Montana
Adam Frederick, President Student Council
Scobey High School____

Opponents: None.

Opening Statement by Sponsor:

SEN. DALE BERRY, SD 30, Hamilton, said the bill deals with trying to increase the eligibility for CHIP to 175 percent of the federal poverty level if funds are appropriated as part of HB 2. If the funding is insufficient, the department can either reduce the level of poverty at which children are covered or reduce the amounts for the duration of services. It allows the department to contract directly with providers on a fee for service basis. The department must live within the amounts of the appropriations for the program. In Governor Martz's budget, there were funds for an increase to 176 percent making more children eligible.

Proponents' Testimony:

Mary Dalton, Bureau Chief Medicaid Services and CHIP Bureau, DPHHS, handed out information.

EXHIBIT (fcs63a02) EXHIBIT (fcs63a03) EXHIBIT (fcs63a04)

She stated that SB 338 is a revision of CHIP (Children's Health Insurance Program) and continues to build upon the strong foundation authorized by the 1999 legislature. **Governor Judy Martz** included an expansion of CHIP in her budget and SB 338 was needed to achieve the expansion. The department provides eyeglasses, dental services and some mental health services on a fee for service basis by contract directly with the providers. This became the major provision of the bill as it moved along. Without the provision to pay for mental health services on a fee for service basis, the department would once again be placed in a supplemental situation for mental health. **{Tape : 2; Side : A}** The department intends to continue to contract with insurance companies for the majority of services provided through CHIP. Flexibility to contract directly is important. The department only pays for services rendered. She explained the other revisions in the bill by section. She said that SB 338 is also needed if the legislature passes the removal of the Medicaid assets test for children to assure that more children are served rather than just replacing those children currently on the CHIP program and placing them on the Medicaid program. A key part of the financial picture of the mental health services plan is tied to the bill.

Brianna Kirsty, Montana Peoples Action, testified that her organization represents low income families across the state. The CHIP program has helped 9500 families. The problem of the uninsured will not go away. Montana has 19 percent uninsured. Only 40 percent of employers in Montana offer health insurance benefits. Due to premium increases and increases in deductibles, this percentage will decrease. She urged a do pass on the bill.

Jim Campbell, Montana Catholic Conference, quoted from a publication (*For the Common Good: A Call for Action*) stating that "the family is the most basic social organization and we must do all we can to assure that families are safe places for children." He stated 3 suggested policy directions: putting children and families first; protecting children from abuse and neglect; and targeting families that require the most help, those facing poverty and discrimination. He said that SB 338 does that and urged support.

Chuck Butler, Blue Cross Blue Shield of Montana, related that Blue Cross Blue Shield was a partner with DPHHS in making CHIP available. He provided a map showing providers.

EXHIBIT (fcs63a05) Without the support of 1229 physicians, 1295 allied providers like nurses, physical therapists and other

health care professionals, 47 hospitals and numerous surgical centers and labs, and other facility providers, the program would not be available. All of the providers have agreed to work with Blue Cross Blue Shield on "Blue CHIP" and have agreed to accept reimbursement for their services at substantially lower levels than from Blue Cross Blue Shield's traditional programs. There is no balance billing to the children. A program known as the Caring Program for Children began in the early 1990s and preceded the start of CHIP. It now serves children up to 200 percent of the federal poverty level.

Betty Whiting, Montana Association of Churches, strongly supported SB 338. She urged the recognition of the rights of children and that society be an ally of parents. She contended that the treatment of children was a measure of faith. The association wished to hold public servants accountable. She urged passage of the bill.

Steve Yeakel, Montana Council for Maternal and Child Health, said the council is comprised of four hospitals that deal primarily and explicitly with children and mother/family issues and the three doctor groups that deal mostly with children. He said under-insuring was a serious problem that CHIP addresses. Federal matching funds for the program are at 80 percent. There are safeguards in place to insure against overspending. It is a reasonable and effective program and he asked that the effort continue to be expanded.

Bonnie Adey, Mental Health Ombudsman, stated that the level for CHIP eligibility is at 150 percent of poverty. Set at this level, some families are ineligible due to benefits they receive from other programs. She urged an increase as high as possible to serve more children.

Sami Butler, Executive Director Montana Nurses Association, strongly supported SB 338 on behalf of the association. Nurses have a commitment and focus on prevention. By insuring that children of working parents have access to primary health care, parents are assisted in taking advantage of preventive care. She urged support for the bill.

Jane McCall, Deaconess Billings Clinic, strongly supported the bill. She testified that CHIP has been a successful program for the State of Montana that has had great results.

Beda Lovitt, Montana Medical Association, strongly urged support. She testified that CHIPS is a worthwhile program that serves a population that needs assistance.

John Flink, Montana Hospital Association, joined the list of supporters for the bill. Association members supported the legislation that authorized CHIP in 1999 and have been active participants in providing services to CHIP beneficiaries. They have seen the success of the program and encouraged its expansion.

Claudia Clifford, Insurance Commissioner's Office, stated that Commissioner John Morrison was a strong supporter of the CHIP Program. She encouraged the committee to set the income level eligibility too low or the available funds might not be able to be used.

Christine Amundson, Montana Association of Social Workers, stood in support of SB 338. She concurred with previous testimony and pointed out that many children are put in the foster care system due to the inability of their families to provide health insurance. Families in crisis might not need public assistance if they could provide health insurance coverage for their children. She encouraged taking advantage of as much of the federal funding as possible by raising the eligibility level.

Al Davis, Mental Health Association of Montana, strongly supported the bill.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. CHRISTIAENS asked about permissive language that poverty levels could be set based on the levels of available funding for the program. He asked if there was language that would not necessarily tie it to 175 or 160 percent, but would tie it to the appropriation. **Ms. Dalton** said it already was tied to the appropriation. **SEN. CHRISTIAENS** asked if nothing needed to be done in the bill and if the department would handle it by rule. **Ms. Dalton** said it was **Greg Petesch's** opinion that the legislature needed to give some direction. The federal limit is at 200 percent. **SEN. CHRISTIAENS** asked if the assets test was removed from the bill. **Ms. Dalton** answered that **SEN. WATERMAN's** bill on the assets test was tabled, but HB 2 would remove the asset test for children and pregnant women in 2003. **SEN. KEENAN** asked about the fiscal note. If \$2 million additional federal funds are available, he wondered if that would take \$400,000 from the general fund as a match. **Ms. Dalton** said the reason for 0's in the fiscal note was that unless money was appropriated in HB 2 nothing would happen. In HB 2, there was an annualization amount for CHIP. **Governor Martz's** budget had an increase for CHIP in 2003, which so far has not been passed. Instead funding went for

the assets test removal from Medicaid. When the assets test is removed from Medicaid, children will shift from the CHIP program onto Medicaid because there are certain children on CHIP currently whose families have assets over \$3000. Slots will open to put more children onto CHIP.

Closing by Sponsor:

SEN. BERRY closed on SB 338. He stated that CHIP never had an assets test. The program was slow starting up, but the need and the cost was there. The cost shift to the privately insured was significant. The benefit of the program has been in excess of any difficulties. He said insurance was for children.

{Tape : 2; Side : B}

HEARING ON SB 497

Sponsor: SEN. SAM KITZENBURG, SD 48, Glasgow

Proponents: Adam Frederick, President Student Council Scobey High School
Tim Tharp, Scobey High School Teacher
Boone Whitmer, Fort Peck Dam Interpretive Center
Art Loendorf

Opponents: Doug Monger, Parks Division, FWP

Opening Statement by Sponsor:

SEN. SAM KITZENBURG, SD 48, Glasgow, introduced SB 497, a bill to fund an educational park near Fort Peck. **EXHIBIT(fcs63a06)** **EXHIBIT(fcs63a07)** **EXHIBIT(fcs63a08)** He stated his area was very depressed, even dying. He had been working on a project for 6 years for economic development. His region was the only region in the state without a state park. He said it was a fairness issue. He shared his dreams for a large dinosaur museum to serve as an attraction and destination. He previously asked for and got \$45,000 from the state for a study for an interpretive center. He asked the federal government for \$30 million for a museum. There are now plans for a \$5 million museum. **Doug Monger, FWP,** suggested to him that if funding could be secured for an FTE, there could be a state park. He asked for justice and a building. There was an idea for an educational state park that included an IMAX theater. Another dream was for "Smithsonian West" that would be a cultural learning center. He envisioned a place for large conferences and traveling exhibits shared with the rest of Montana. He showed a clip from an IMAX film about Michael Jordan on DVD. He described ideas for financing the project. The need was for \$4 million for the IMAX

and \$1.5 million for the center. One idea he was not happy with was to take money from FWP Coal Tax trust account which is used to maintain other state parks. Instead he offered a mechanism and an amendment. In the state reserve trust fund there is \$128 million of which \$110 million has to be saved. He asked for \$5.1 million from the \$18 million slush.

Proponents' Testimony:

Adam Frederick, President Student Council Scobey High School, supported SB 497. He said the state park and IMAX theater at Fort Peck would not only be a tourist attraction, but also serve an educational purpose for students to learn about Montana history and the reservoir. Jobs would be added to the area. IMAX promotes its theaters around the world. He stated that his area was the farthest from a state park of any area in Montana and deserved a state park. Fort Peck is one of the world's largest reservoirs and deserves recognition. He encouraged support for the bill.

Tim Tharp, Scobey High School Teacher, attested that Fort Peck Reservoir was the 4th largest in the world and the world's largest man-made reservoir. It was created by the Army Corp of Engineers and attracts recreationalists from all over the world for the world class fishing, camping, the CMR Wildlife Refuge, the fish hatchery and the coming interpretive center. The area needs a learning center to tie together all of those facilities. The proposed 7500 square foot cultural learning center and IMAX theater would have educational benefits. He mentioned the extensive paleontology of the area. Schools around the region would benefit and the center could be a focal point for educational events for both students and teachers. Increased tourism and economic development would result. He urged passage of the bill for its educational and economic development possibilities.

{Tape : 3; Side : A}

Boone Whitmer, Fort Peck Dam Interpretive Center, expressed that he was on the Board of Directors and the design team for the interpretive center. The design team consists of the U.S. Army Corp of Engineers; the Fish, Wildlife and Parks Service; the BLM; the U.S. Department of Agriculture; **Senator Max Baucus** and **Senator Conrad Burns; Representative Dennis Rehberg;** and three members from the board. He was the person who started the Fort Peck Dam Interpretive Center and had been working on Missouri River issues for over 14 years. He addressed a memorandum agreement with the Smithsonian to try to develop a "Smithsonian of the West" and the T-Rex issue that was solved with the \$45,000 that was granted by the state previously. They raised over

\$110,000 locally to preserve the T-Rex. The \$45,000 was leveraged into millions with the creation of the fish hatchery, the interpretive center and the waterline project. **SEN. BURNS** and **SEN. BAUCUS** are asking for \$3.2 million in addition to the money to build the structure. They are asking for \$1.5 million for improvement of the recreational area at Fort Peck Lake. In addition \$240,000 is being asked for a Signal Hill Overlook where Lewis and Clark overlooked the Milk River. The reward will be economic development. The Fort Peck Dam Interpretive Center will be operated and maintained by the Army Corp of Engineers out of their recreational budget. He suggested doing the same with the cultural center. He questioned the validity of the fiscal note. The Army Corp of Engineers owns and operates the hydro-power facility at Fort Peck. The facility will be operated for 4.9 cents a kilowatt. The state would provide the capital to build it, the Corp of Engineers would provide maintenance and security and state and federal entities would get to use it. He thought economic development would be far reaching.

Art Loendorf, spoke in support of SB 497. He spoke of experiencing the various museums in Montana. He cited the loss of population in Eastern Montana. He considered Fort Peck to be a good place for an attraction on the prairie.

Opponents' Testimony:

Doug Monger, Parks Division, FWP, testified in opposition to the bill. **EXHIBIT(fcs63a09)**

Questions from Committee Members and Responses:

SEN. CHRISTIAENS asked if there were commitments for further funding from the federal government for the project. **SEN. KITZENBURG** replied that currently they were working on \$5.3 million to build the center and it ended there. Other phases have been talked about. He said he would not be asking for park maintenance from the state, and the federal government would provide staff. **SEN. CHRISTIAENS** asked what efforts had been made locally for a match money contribution. **SEN. KITZENBURG** stated there had been two radio-thons. **Mr. Whitmer** explained that the interpretive center was in response to the loss of prime valley land as a result of the dam. That comes under a federal direction, authority and appropriation rather than a local match. **SEN. CHRISTIAENS** asked about the commitment from the community and the goal for raising money within the region. **Mr. Whitmer** said \$140,000 had been raised and used primarily to preserve and cast the T-Rex. **SEN. CHRISTIAENS** asked how the \$700,000 annual fee for projector equipment would be handled. **SEN. KITZENBURG**

said there were alternatives to IMAX. He said there was 80-90 percent participation in the radio-thon.

SEN. JERGESON asked if the language on page 6 Section 2 line 21 of the bill was an appropriation. **SEN. KITZENBURG** said yes.

SEN. JERGESON pointed out it would not be a legal expenditure under the Montana Constitution unless it was an appropriation.

SEN. KITZENBURG asked for the committee to act as a facilitator. He said if the bill was technically wrong, he would appreciate the committee changing it.

SEN. STAPLETON asked about the physical location and the population within five miles of the proposed facility. **SEN. KITZENBURG** said it was 20 miles out of Glasgow. He said he had the largest senatorial district with few people over a large area. He said they were looking to serve Northeastern Montana and to be a tourist draw. **SEN. STAPLETON** asked if there were about 2800 people located near the site, how many hotels and motels were near the proposed area. **SEN. KITZENBURG** said there weren't many and there was room for more. Some projects were being planned. **SEN. STAPLETON** asked about convention centers. **SEN. KITZENBURG** said that was where the need was and the closest convention center was in Glasgow. *{Tape : 3; Side : B}* **SEN. STAPLETON** thought the danger was that the revenues would not justify the cost. He was concerned few would use the facility. **SEN. KITZENBURG** stated that construction would start in the spring on the Interpretive Center. He described how the new projects would enhance the area and the current attractions. He cited the hotel and restaurant on Fort Peck. He expected more motels, a water slide and other facilities. He thought the bigger the attraction, the better the draw.

CHAIRMAN KEENAN asked how many fishing access sites were in state parks. **Mr. Monger** said they operated about 320 fishing access sites. **CHAIRMAN KEENAN** asked how many were in region 6. **Mr. Monger** said there were approximately 18. **CHAIRMAN KEENAN** asked the difference between an access site and a state park. **Mr. Monger** said the goal of the fishing site program was to give anglers access to fishing waters. The only developments were a road, a toilet, and possibly fencing. State parks are more regional or statewide attractions and are capable of drawing additional visitors.

Closing by Sponsor:

SEN. KITZENBURG closed on the bill. He said Fort Peck Lake was growing in their plans and was the 4th most visited site in the state. He saw progress with the interpretive center, the fish

hatchery, and the road widening into a four lane. He wanted to accomplish justice. He questioned the remarks of **Mr. Munger**. He said he tried to change the funding mechanism and did not want to affect the maintenance of the other state parks. He did not want the state to maintain the facility. He doubted the state would proceed with a state park in his area by the next session. He hoped they could work together to make the project happen and again stated his desire for an IMAX theater, a dinosaur museum and the idea of "Smithsonian West".

ADJOURNMENT

Adjournment: 11:40 A.M.

SEN. BOB KEENAN, Chairman

PRUDENCE GILDROY, Secretary

BK/PG

EXHIBIT (fcs63aad)